

**Finance and Administration
Committee**

**Notice of Meeting
4 April 2017
4.00pm**

**Committee Room 1
Ninth Floor
Council House
27 St Georges Terrace, Perth**



City of Perth

Agenda

ORDER OF BUSINESS AND INDEX

- 1 Declaration of Opening
- 2 Apologies and Members on Leave of Absence
- 3 Question Time for the Public
- 4 Confirmation of minutes – 7 March 2017
- 5 Correspondence
- 6 Disclosure of Members' interests
- 7 Matters for which the meeting may be closed

In accordance with Section 5.23(2) of the *Local Government Act 1995*, should an Elected Member wish to discuss the content of the confidential attachment listed below, it is recommended that Council resolve to close the meeting to the public prior to discussion of the following:

Schedule No.	Item No. and Title	Reason
Confidential Attachment 8.5A	Item 8.5 - Tender 022-16/17 – Provision of Banking Services	s 5.23(2)(e)(ii)

- 8 Reports
 - 8.1 Investments and Investment Returns for Period ended 28 February 2017
 - 8.2 Payments from Municipal and Trust Funds – February 2017
 - 8.3 Financial Statements and Financial Activity Statement for the Period Ended 28 February 2017
 - 8.4 City of Perth Art Collection – Art Acquisitions
 - 8.5 Tender 022-16/17 – Provision of Banking Services
- 9 Motions of which Previous Notice has been given
- 10 General Business
 - 10.1 - Responses to General Business from a Previous Meeting
Nil
 - 10.2 - New General Business
- 11 Items for consideration at a future meeting

Please convey apologies to Governance on 9461 3250
or email governance@cityofperth.wa.gov.au

The following items are currently being investigated and actioned by Officers. Information will be provided to Elected Members when available.

- Council Policy 1.9 – Public Relations Policy – Media Statements and Press Releases (raised at FA 04/10/16, updated FA 06/12/16).

Outstanding Reports:

- Council Dining Room (raised FA30/09/14, updated FA 21/04/15, 23/08/16 & 06/12/16).
- Audit of commercial buildings that are vacant / in disrepair (raised at Council 30/08/16).
- Air and land rights available to City of Perth for potential creation of affordable housing (raised at Council 30/08/16, updated FA 06/12/16).
- Council Policy 10.6 – Elected Member Expense Reimbursements (raised at FA 04/10/16, updated 06/12/17).
- Land Value Capture Opportunities (raised at FA04/10/16, updated PL06/12/16)

12

Closure



MARTIN MILEHAM
CHIEF EXECUTIVE OFFICER
30 MARCH 2017

This meeting is open to members of the public

FINANCE AND ADMINISTRATION COMMITTEE

Established: 17 May 2005 (Members appointed 22 October 2015)

Members:	1st Deputy:	2nd Deputy:
Cr Davidson OAM JP (Presiding Member)	Cr Green	Cr Yong
Cr Chen		
Cr Harley		

Quorum: Two

Expiry: October 2017

TERMS OF REFERENCE: [Adopted OCM 24/11/15]

1. To oversee and make recommendations to the Council on matters related to:
 - a. the financial management of the City including budgeting, payment of accounts, collection of debts, investment of funds and write-offs;
 - b. strategic and annual plans;
 - c. management of local government property including issues relating to the City's civic buildings (Council House, Perth Town Hall, Perth Concert Hall and the City of Perth Library);
 - d. business opportunities and proposals, including those related to parking, having the potential to achieve new income or savings for the City, which may have been initiated by other Committees of the Council;
 - e. fees and charges levied by the City in accordance with Sections 6.16 or 6.32 of the Local Government Act 1995;
 - f. Elected Members, including protocols and procedures, benefits and allowances;
 - g. Council's policies, local laws and Register of Delegations;
 - h. the management and enforcement of permanent and temporary on-street parking proposals or restrictions and any associated fees or signage;
 - i. any other matters requiring a decision of the Council and not specifically defined in the Terms of Reference for any other Committee of the Council or where the substantive Committee is unable to be convened and a decision is necessary to fulfil operational requirements.

NOTE:

Delegated Authority 1.1.1 – Finance and Administration Committee provides authority for the Committee to:

1. Approve or decline requests for receptions of up to \$5,000 in value referred to the Committee by the Lord Mayor [FM Reg.12(1)(b)].
2. Purchase artworks worth over \$5,000 and the deaccession of artworks [FM Reg.12(1)(b) and s.3.58(2) and (3)].
3. Determine matters assigned by delegated authority to the Marketing, Sponsorship and International Engagement Committee and the Audit and Risk Committee, only where the respective Committee is unable to be convened and a decision is necessary to fulfil operational requirements.

INFORMATION FOR THE PUBLIC ATTENDING COMMITTEE MEETINGS

Question Time for the Public

- An opportunity is available at all Committee meetings open to members of the public to ask a question about any issue relating to the City. This time is available only for asking questions and not for making statements. Complex questions requiring research should be submitted as early as possible in order to allow the City sufficient time to prepare a response.
- The Presiding Person may nominate a Member or officer to answer the question, and may also determine that any complex question requiring research be answered in writing. No debate or discussion is allowed to take place on any question or answer.
- To ask a question please write it on the white Question Sheet provided at the entrance to the Council Chamber and hand it to a staff member at least an hour before the meeting begins. Alternatively, questions can be forwarded to the City of Perth prior to the meeting, by:
 - Letter: Addressed to GPO Box C120, Perth, 6839;
 - Email: governance@cityofperth.wa.gov.au.
- Question Sheets are also available on the City's web site: www.perth.wa.gov.au.

Deputations

A deputation wishing to be received by a Committee is to apply in writing to the CEO who will forward the written request to the Presiding Member. The Presiding Member may either approve the request or may instruct the CEO to refer the request to the Committee to decide whether or not to receive the deputation. If the Presiding Member approves the request, the CEO will invite the deputation to attend the meeting.

Please refer to the 'Deputation to Committee' form provided at the entrance to the Council Chamber for further information on the procedures for deputations. These forms are also available on the City's web site: www.perth.wa.gov.au.

Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any Member or officer of the City during the course of any meeting is not intended to be and is not to be taken as notice of approval from the City. No action should be taken on any item discussed at a Committee meeting prior to written advice on the resolution of the Council being received.

Any plans or documents contained in this agenda may be subject to copyright law provisions (Copyright Act 1968, as amended) and the express permission of the copyright owner(s) should be sought prior to their reproduction.

EMERGENCY GUIDE

Council House, 27 St Georges Terrace, Perth



The City of Perth values the health and safety of its employees, tenants, contractors and visitors. The guide is designed for all occupants to be aware of the emergency procedures in place to help make an evacuation of the building safe and easy.

BUILDING ALARMS

Alert Alarm and Evacuation Alarm.

ALERT ALARM

beep beep beep

All Wardens to respond.

Other staff and visitors should remain where they are.



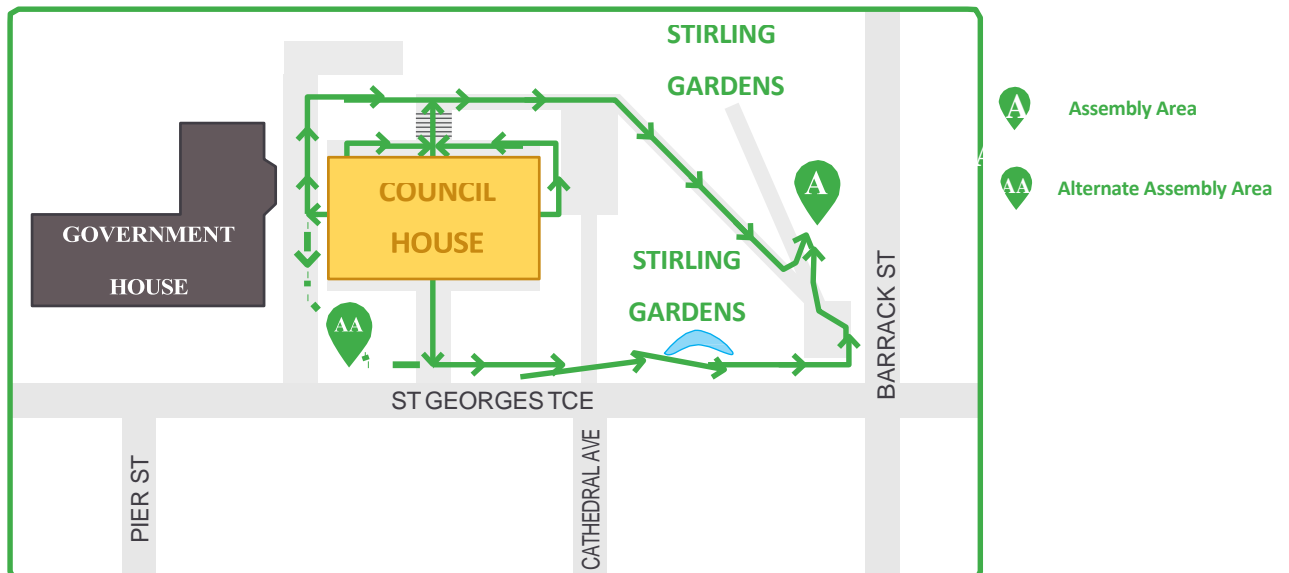
EVACUATION ALARM / PROCEDURES

whoop whoop whoop

On hearing the Evacuation Alarm or on being instructed to evacuate:

1. Move to the floor assembly area as directed by your Warden.
2. People with impaired mobility (those who cannot use the stairs unaided) should report to the Floor Warden who will arrange for their safe evacuation.
3. When instructed to evacuate leave by the emergency exits. **Do not use the lifts.**
4. Remain calm. Move quietly and calmly to the assembly area in **Stirling Gardens** as shown on the map below. Visitors must remain in the company of City of Perth staff members at all times.
5. After hours, evacuate by the nearest emergency exit. **Do not use the lifts.**

EVACUATION ASSEMBLY AREA



Agenda **Investments and Investment Returns for the Period Ended 28**
Item 8.1 **February 2017**

Recommendation:

That the Finance and Administration Committee receives the report detailing investments and investment returns for the period ended 28 February 2017 as detailed in Attachment 8.1A of this Report.

FILE REFERENCE: P1032980-10
 REPORTING UNIT: Finance
 RESPONSIBLE DIRECTORATE: Corporate Services
 DATE: 15 March 2017
 ATTACHMENT/S: Attachment 8.1A – Investment Report for the period ended 28 February 2017, Short Term Investments and Institution Credit and Rating

Legislation / Strategic Plan / Policy:

Legislation Section 6.14 of the *Local Government Act 1995*
 Regulation 19C of the *Local Government (Financial Management) Regulations 1996*

Integrated Planning and Reporting Framework Implications **Strategic Community Plan**
 Council Four Year Priorities: Community Outcome Capable and Responsive Organisation
 A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and deliver efficient and effective community centred services.

Policy
 Policy No and Name: 9.3 – Management of Investments

Financial Implications:

Reported investment earnings (excluding interest on rates arrears) at \$431,147 after Trust Account adjustments, were \$72,132 above budget in February.

Details:

	Actual \$	Budget \$	Variation \$
Interest Earnings	431,147	359,015	72,132

Average Rate	3.54%
Benchmark Rate	1.77%
RBA Cash Rate	1.5%

*Figures exclude interest on rate arrears.

Call Accounts

Balance at 28 February 2017	\$13.8 million
Interest Earned	\$22,302
Rate for balances over \$2 million	1.75%

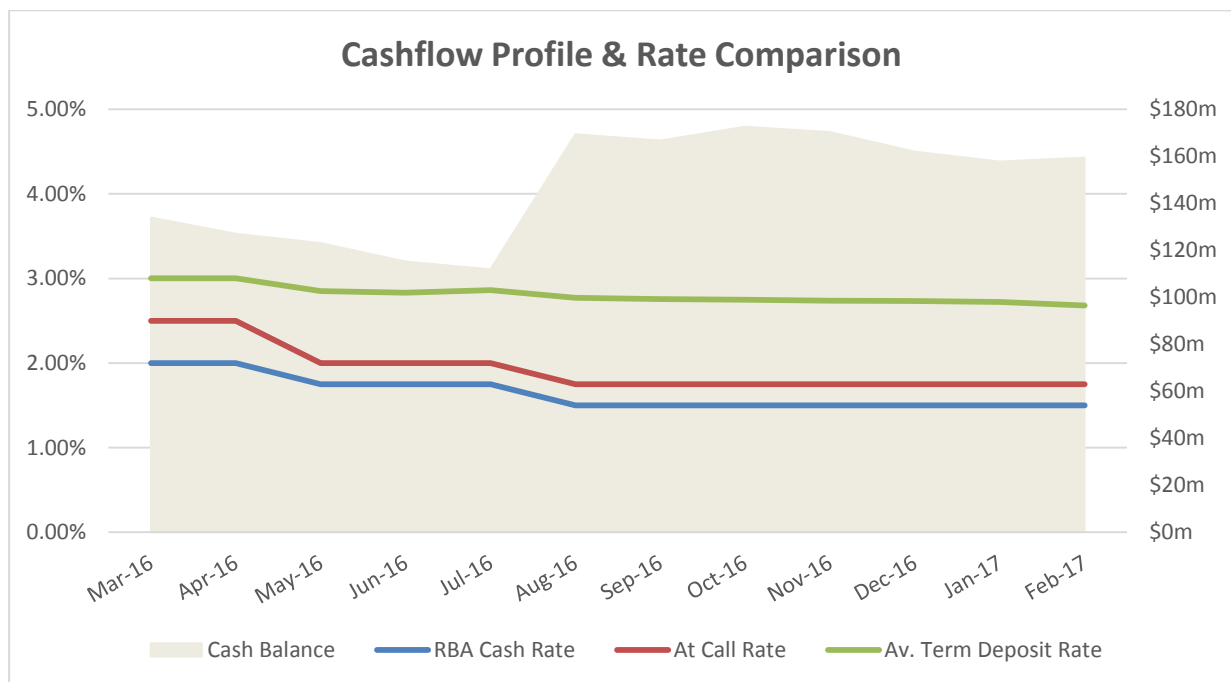
Term Deposits

Balance at 28 February 2017	\$145.6 million
Interest Earned	\$298,257
Average Rate (Municipal funds)	2.68%
Most Recent Rate (Municipal funds)	2.65%

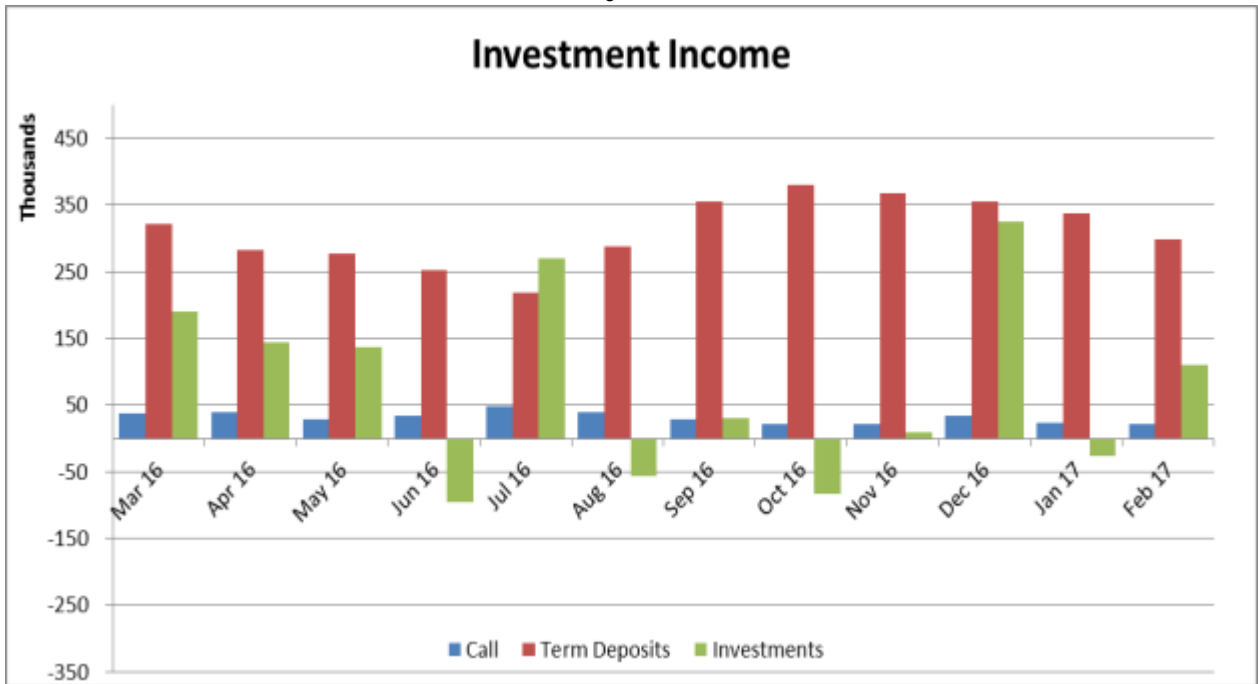
Other Investments

	Interest Earned \$	Interest Rate %
Emerald Mortgage Backed Security	8,838	2.65
Colonial Share Index Balanced Fund	101,750	N/A

The ASX 200 Index increased by 1.6% in February resulting in a positive return for the Colonial Share Index Fund.



The above chart shows the City's cash flow cycle reflecting the significant inflow of rates income in August. It also compares the average interest rates the City earns with the RBA cash rate.



Spread of Investments

The City's exposure to investment institutions is as follows:

Institution	Credit Rating	Percentage	Percentage Allowed
ANZ	A1+	4%	100%
Bankwest	A1+	8%	
NAB	A1+	26%	
		38%	
AMP	A1	6%	100%
Suncorp Metway	A1	17%	
		23%	
		61%	
Bank of Queensland	A2	31%	60%
ING	A2	3%	
		34%	
Barclays	NR	2%	10%
Colonial	NR	3%	
		5%	

Comments:

The City continues to adhere to its policy of obtaining the best returns commensurate with risk and the constraints imposed by the State Government regulations.

28-Feb-17

INSTITUTION CREDIT AND RATING

INSTITUTION	AMOUNT	PERCENTAGE	CREDIT RATING	MAX AMOUNT
ANZ	7,042,695.90	4%	A1+	OK
AMP	10,189,834.36	6%	A1	OK
ING	5,500,000.00	3%	A2	OK
BOQLD	52,500,000.00	31%	A2	OK
BANKWEST	12,615,322.75	8%	A1+	OK
BARCLAYS	2,696,476.64	2%	NR	OK
C B A	-	0%	A1+	OK
BENDIGO	-	0%	A2	OK
MACQUARIE	0.00	0%	A1	OK
MEQUITY	0.00	0%	A2	OK
NAB	42,590,396.90	26%	A1+	OK
ST GEORGE	-	0%	A1+	OK
SUNCORP METWAY	29,000,000.00	17%	A1	OK
WESTPAC	-	0%	A1+	OK
COLONIAL	4,640,705.69	3%	NR	OK
TOTAL	166,775,432.24	100%		

GLOBAL CREDIT EXPOSURE

INSTITUTION	AMOUNT	PERCENTAGE	MAX ALLOWED
A1+, A1, AA	101,438,249.91	61%	100%
A2	58,000,000.00	35%	60%
A3 and Unrated	7,337,182.33	4%	10%
TOTAL	166,775,432.24	100%	

A1+	45%	INDIVIDUAL ADI EXPOSURE ALLOWED
A1	45%	
A2	40%	
A3	10%	
AAA	45%	
AA	45%	
Unrated	10%	

INVESTMENT REPORT

28-Feb-17

	Market Value	Market Value	Cost & Impairment	% of	Interest Earned	Weighted Average Monthly	Interest Earned
	31-Jan-17	28-Feb-17	28-Feb-17	Class	Feb	Rate	YTD
Municipal							
Short term Direct Investments							
Call	\$12,880,673	\$9,849,932	\$9,849,932	6.1%	\$19,361	1.99%	\$201,093
Term Deposits	\$73,500,000	\$78,500,000	\$78,500,000	48.4%	\$158,473	2.68%	\$1,284,873
Short	\$86,380,673	\$88,349,932	\$88,349,932		\$177,834	2.61%	\$1,485,966
Total Municipal - Cash Back Securities	\$86,380,673	\$88,349,932	\$88,349,932		\$177,834	2.61%	\$1,485,966
Total Municipal Investments	\$86,380,673	\$88,349,932	\$88,349,932		\$177,834	2.61%	\$1,485,966
Reserves							
Short term Direct Investments							
Call	\$2,447,970	\$2,941,824	\$2,941,824	1.8%	\$2,025	1.75%	\$26,792
Term Deposits	\$62,000,000	\$61,000,000	\$61,000,000	37.6%	\$127,318	2.70%	\$1,202,835
Total	\$64,447,970	\$63,941,824	\$63,941,824		\$129,343	2.69%	\$1,229,628
Floating Rate Notes/ CLNs							
WPAC- Sub Debt -FRN	\$0	\$0	\$0	0.0%	\$0	0.00%	\$0
Total	\$0	\$0	\$0		\$0	0.00%	\$0
Medium term Direct Investments							
Barclays - Emerald -MBS	2,721,709	2,705,933	\$2,696,477	1.7%	\$8,838	2.65%	\$77,257
Total	\$2,721,709	\$2,705,933	\$2,696,477		\$8,838	2.65%	\$77,257
Total Reserve - Cash Back Securities	\$67,169,679	\$66,647,757	\$66,638,301		\$138,181	2.69%	\$1,306,885
Balanced Funds							
Colonial Share Index	\$4,538,862	\$4,640,706	\$4,640,706	100%	\$101,750	33.92%	\$501,877
Total	\$4,538,862	\$4,640,706	\$4,640,706		\$101,750	33.92%	\$501,877
Total Reserve Investments	\$71,708,540	\$71,288,463	\$71,279,006		\$239,931	33.92%	\$1,808,761
Trust							
Short term Direct Investments							
Call	\$858,953	\$1,056,097	\$1,056,097	0.7%	\$916	1.76%	\$12,106
Term Deposits	\$6,088,249	\$6,090,397	\$6,090,397	3.8%	\$12,466	2.64%	\$112,743
Total	\$6,947,202	\$7,146,494	\$7,146,494		\$13,382	2.58%	\$124,849
Total Trust - Cash Back Securities	\$6,947,202	\$7,146,494	\$7,146,494		\$13,382	2.58%	\$124,849
Total Investments-Cash Back Securities	\$160,497,554	\$162,144,183	\$162,134,727		\$329,397	2.64%	\$2,917,699
Grand Total Investments	\$165,036,415	\$166,784,889	\$166,775,432		\$431,147	3.53%	\$3,419,576

CITY OF PERTH - SHORT TERM INVESTMENTS (Excluding Call) AS AT 28 FEBRUARY 2017

FUND	INSTITUTION	TYPE	AMOUNT	RATE	LODGED	MATURITY	Total	TOTAL INTEREST		
							Investment	individual outstanding		
							Days	investment		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 1,000,000.00	2.70%	8/09/2016	9/03/2017	182	\$ 13,463.01		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 1,000,000.00	2.70%	14/09/2016	16/03/2017	183	\$ 13,536.99		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 9,000,000.00	2.75%	25/08/2016	16/03/2017	203	\$ 137,650.68		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 3,000,000.00	2.75%	16/08/2016	16/03/2017	212	\$ 47,917.81		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 5,000,000.00	2.80%	17/08/2016	31/03/2017	226	\$ 86,684.93		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.70%	5/10/2016	6/04/2017	183	\$ 27,073.97		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 3,000,000.00	2.77%	13/10/2016	13/04/2017	182	\$ 41,436.16		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 3,000,000.00	2.70%	25/08/2016	28/04/2017	246	\$ 54,591.78		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 3,000,000.00	2.75%	15/12/2016	18/05/2017	154	\$ 34,808.22		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 4,000,000.00	2.60%	28/02/2017	31/07/2017	153	\$ 43,594.52		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 5,000,000.00	2.70%	16/02/2017	17/08/2017	182	\$ 67,315.07		
MUNICIPAL	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 3,500,000.00	2.65%	28/02/2017	31/08/2017	184	\$ 46,756.16		
MUNICIPAL	BWEST	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.55%	14/02/2017	20/04/2017	65	\$ 9,082.19		
MUNICIPAL	BWEST	Short Term Direct Investments TERM DEPOSITS	\$ 3,000,000.00	2.50%	3/02/2017	11/05/2017	97	\$ 19,931.51		
MUNICIPAL	BWEST	Short Term Direct Investments TERM DEPOSITS	\$ 6,000,000.00	2.50%	23/02/2017	30/06/2017	127	\$ 52,191.78		
MUNICIPAL	ING	Short Term Direct Investments TERM DEPOSITS	\$ 3,500,000.00	2.64%	13/10/2016	13/04/2017	182	\$ 46,073.42		
MUNICIPAL	ING	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.64%	13/10/2016	13/04/2017	182	\$ 26,327.67		
MUNICIPAL	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.72%	30/11/2016	2/03/2017	92	\$ 13,711.78		
MUNICIPAL	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 5,000,000.00	2.66%	15/12/2016	16/03/2017	91	\$ 33,158.90		
MUNICIPAL	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.63%	12/01/2017	31/05/2017	139	\$ 20,031.23		
MUNICIPAL	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.62%	13/01/2017	15/06/2017	153	\$ 21,964.93		
MUNICIPAL	SUNCORP	Short Term Direct Investments TERM DEPOSITS	\$ 4,500,000.00	2.65%	21/10/2016	20/04/2017	181	\$ 59,134.93		
MUNICIPAL	SUNCORP	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.50%	9/02/2017	31/05/2017	111	\$ 15,205.48		
MUNICIPAL	SUNCORP	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.50%	5/01/2017	31/05/2017	146	\$ 20,000.00		
			\$ 78,500,000.00							
RESERVES	AMP	Short Term Direct Investments TERM DEPOSITS	\$ 5,000,000.00	3.00%	5/01/2017	6/07/2017	182	\$ 74,794.52		
RESERVES	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.75%	16/08/2016	16/03/2017	212	\$ 31,945.21		
RESERVES	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 5,000,000.00	2.80%	17/11/2016	18/05/2017	182	\$ 69,808.22		
RESERVES	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 1,000,000.00	2.80%	15/12/2016	15/06/2017	182	\$ 13,961.64		
RESERVES	BQLD	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.80%	22/12/2016	22/06/2017	182	\$ 27,923.29		
RESERVES	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 3,000,000.00	2.70%	1/12/2016	2/03/2017	91	\$ 20,194.52		
RESERVES	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 2,500,000.00	2.72%	24/11/2016	23/03/2017	119	\$ 22,169.86		
RESERVES	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 4,500,000.00	2.64%	12/01/2017	22/06/2017	161	\$ 52,402.19		
RESERVES	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 5,500,000.00	2.66%	5/01/2017	13/07/2017	189	\$ 75,755.34		
RESERVES	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 4,000,000.00	2.65%	12/01/2017	27/07/2017	196	\$ 56,920.55		
RESERVES	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 8,000,000.00	2.66%	5/01/2017	27/07/2017	203	\$ 118,351.78		
RESERVES	SUNCORP	Short Term Direct Investments TERM DEPOSITS	\$ 5,000,000.00	2.61%	8/12/2016	9/03/2017	91	\$ 32,535.62		
RESERVES	SUNCORP	Short Term Direct Investments TERM DEPOSITS	\$ 7,000,000.00	2.61%	8/12/2016	9/03/2017	91	\$ 45,549.86		
RESERVES	SUNCORP	Short Term Direct Investments TERM DEPOSITS	\$ 2,500,000.00	2.65%	21/10/2016	20/04/2017	181	\$ 32,852.74		
RESERVES	SUNCORP	Short Term Direct Investments TERM DEPOSITS	\$ 4,000,000.00	2.65%	23/02/2017	24/08/2017	182	\$ 52,854.79		
			\$ 61,000,000.00							
ROD EVANS	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 321,249.07	2.55%	16/02/2017	18/05/2017	91	\$ 2,042.35		
TRUST	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 1,000,000.00	2.72%	17/11/2016	20/04/2017	154	\$ 11,476.16		
TRUST	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.60%	19/01/2017	25/05/2017	126	\$ 17,950.68		
TRUST	NAB	Short Term Direct Investments TERM DEPOSITS	\$ 769,147.83	2.63%	8/09/2016	8/06/2017	273	\$ 15,129.88		
TRUST	SUNCORP	Short Term Direct Investments TERM DEPOSITS	\$ 2,000,000.00	2.65%	23/02/2017	24/08/2017	182	\$ 26,427.40		
			\$ 6,090,396.90							
TOTAL investments			\$ 145,590,396.90							\$ 1,752,689.76

Agenda Payments from Municipal and Trust Funds – February 2017
Item 8.2

Recommendation:

That in accordance with Regulation 13(1) of the Local Government (Financial Management) Regulations 1996, the list of payments made under delegated authority for the month ended 28 February 2017, be received and recorded in the Minutes of the Council, the summary of which is as follows:

FUND	PAID
<i>Municipal Fund</i>	<i>\$ 13,106,666.11</i>
<i>Trust Fund</i>	<i>\$ 116,703.04</i>
<i>TOTAL:</i>	<i>\$ 13,223,369.15</i>

FILE REFERENCE:	P1033586-31
REPORTING UNIT:	Finance
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	1 March 2017
ATTACHMENT/S:	A detailed list of payments made under delegated authority for the month ended 28 February 2017 can be accessed by Elected Members via the Elected Members Portal. Members of the public can access the list of payments on request.

Legislation / Strategic Plan / Policy:

Legislation	Regulation 13(1) of the <i>Local Government (Financial Management) Regulations 1996</i>
Integrated Planning and Reporting Framework Implications	<p>Strategic Community Plan</p> <p>Council Four Year Priorities: Community Outcome Capable and Responsive Organisation</p> <p>A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and deliver efficient and effective community centred services.</p>

Comments:

Payments for the month of February 2017 included the following significant items:

- \$308,006.26 to Electricity Generation and Retail Corporation for electricity charges at various locations;

- \$265,555.01 to Coates Hire Services relating to payments made mainly for the hire of equipment for Skyworks 2017; and
- \$224,487.21 to Access Brickpaving Co for payments relating to paving works at various locations in the City.

Agenda **Financial Statements and Financial Activity Statement for the**
Item 8.3 **Period Ended 28 February 2017**

Recommendation:

That Council approves the Financial Statements and the Financial Activity Statement for the period ended 28 February 2017 as detailed in Attachment 8.3A of this Report.

FILE REFERENCE:	P1014149-25
REPORTING UNIT:	Finance
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	23 March 2017
ATTACHMENT/S:	Attachment 8.3A – Financial Statements and Financial Activity Statement for the period ended 28 February 2017

Legislation / Strategic Plan / Policy:

Legislation	Section 6.4(1) and (2) of the <i>Local Government Act 1995</i> Regulation 34(1) of the <i>Local Government (Financial Management) Regulations 1996</i>
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Integrated Planning and Reporting Framework Implications	Strategic Community Plan Council Four Year Priorities: Community Outcome Capable and Responsive Organisation A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and deliver efficient and effective community centred services.
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Financial Implications:

There are no direct financial implications arising from this report.

Details:

The Financial Activity Statement is presented together with a commentary on variances from the revised budget.

Comments:

The Financial Activity Statement commentary compares the actual results for the eight months to 28 February 2017 with the original budget approved by Council on **28 June 2016** and budget adjustments adopted by Council on **30 August 2016** and **1 November 2016**.

**FINANCIAL ACTIVITY STATEMENT FOR THE EIGHT MONTHS TO
28 FEBRUARY 2017**

REPORT OF VARIANCES TO BUDGET

This report compares the actual performance for the eight months to 28 February 2017 to the adopted 2016/17 Budget and budget adjustments adopted by Council on 30 August 2016 and 1 November 2016. Please note that this does not include the budget review approved by Council at the meeting held 14 March 2017.

Operating Revenue

- Parking revenue year to date was \$48.4 million, which was \$(2,168,000) below budget prior to the recently approved February budget review. The variance consisted of \$(3,058,000) for Undercover Car Parks, partly offset by positive variances of \$69,000 for Open Air Car Parks, and \$756,000 for Kerbside Parking and \$65,000 for Events Parking.
- The unfavourable variances for Undercover Car Parks were mainly due to year on year patronage lower than expected at these carparks: His Majesty's \$(448,000), Alexander Library \$(333,000) and Convention Centre Carpark \$(475,000).
- Parking revenue is forecasted to end the year \$5.3 million less than originally budgeted; a reduction which was reflected in the budget review 2016/17 report which was approved by Council on 14 March 2017.
- Fines and Costs were lower than budget by \$(965,000) due to less than expected revenue generated from parking fines. The trend is expected to continue with the year end results for fines and costs expected to be \$1.8 million below the revised budget.
- Investment Income and Interest were \$448,000 or 13% above budget, mainly due to the performance of the Colonial Share Index Balanced Fund.
- Rubbish collection yielded 3.7% or \$(315,000) less than expected compared to the revised budget. It is anticipated that the actual year end result would be \$(279,000) less than current revised budget.
- Recurrent Grants were above budget by \$609,000 predominantly due to an accrual for the Lotterywest grant for Skyworks. This is a timing variance only.

Operating Expenditure

- Employee costs ended the month \$1,689,000 or 3.3% below budget mainly due to the timing of recruitment, with a number of positions vacant which had been approved in the 2016/17 Workforce Plan. This is expected to be a timing variance only.

**FINANCIAL ACTIVITY STATEMENT FOR THE EIGHT MONTHS TO
28 FEBRUARY 2017**

REPORT OF VARIANCES TO BUDGET

- Materials and Contracts were \$8,474,000 below budget. As part of the budget review it is expected that savings of \$3.1 million will be achieved at the end of the year.
- The main areas of underspend to date were: Consultancy \$1,432,000, Infrastructure Maintenance \$1,295,000 (mainly for River Wall \$569,000 and footpaths \$363,000) and Property Maintenance \$1,050,000 (mainly for Council House \$514,000 and Pedestrian Walkways \$106,000) and Advertising \$518,000. Various smaller variances were spread throughout the City's accounts.
- Utilities are lower by \$374,000 in the climate for rising power costs. This trend of lower than anticipated spend is expected to continue for the rest of the financial year.
- Depreciation was \$59,000 under budget, a variance of 0.3%.
- Loss on disposal of assets was \$(1,310,000) above budget. As part of the capitalisation process of new assets, relevant obsolete assets were written off. The finalisation of the year end process resulted in a loss of \$899,000 for infrastructure assets during September. The majority of this variance is expected to be a timing variance.
- Other Expenditure was \$(499,000) above budget. During December \$(458,000) was processed as part of the capital works close out process for costs that were identified as operating expenditure rather than capital costs.

Investing Activities

- Capital Grants were \$(2,323,000) below budget mainly due to slower than anticipated delivery of capital projects.
- Capital expenditure was \$22.8 million below the revised budget. At the end of February capital spent was \$15.1 million, being 22.5% of the revised budget spent to date. The program of project works has progressed slower than anticipated resulting in this significant variance. The actual capital expenditure does not however reflect committed expenditure on projects which have commenced. Reprioritisation of some projects and adjustments to the total value of the program has been considered as part of the budget review, with a reduction of \$15.1 million proposed.
- Capital expenditure for the month of February totalled \$1.1 million which included the following:
 - Various CPP projects \$220,000

**FINANCIAL ACTIVITY STATEMENT FOR THE EIGHT MONTHS TO
28 FEBRUARY 2017**

REPORT OF VARIANCES TO BUDGET

- Council House water feature refurbishment \$91,000
- Various Footpath projects \$228,000

Financing Activities

- Transfers to Reserves were \$7.5 million below budget. Utilisation of reserve funds was lower than expected, this being a timing variance.
- Transfers from Reserves were below budget by \$(6.4 million). This is due to slower than anticipated progress on capital expenditure.

Amounts sourced from Rates

- Rates revenue raised was \$1.4 million above the revised budget. A report was presented to Council on 1 November to adjust the 2016/17 budget for major income and expenditure resulting from the impact of the City of Perth Act. Rates issued to former Nedlands and Subiaco residents resulted in a \$1.8 million adjustment to the 2016/17 original budget.
- Furthermore, as part of the 2016/17 budget process estimates were made of the anticipated interim rates and the related revenue collection phased throughout the financial year. Some of those properties realised earlier than expected which accounted for the majority of the \$1.4 million variance.

CITY OF PERTH

FINANCIAL ACTIVITY STATEMENT - for the period ended 28 February 2017

	Budget 2016/17 \$	Budget YTD 28-Feb-17 \$	Actual YTD 28-Feb-17 \$	Variance YTD 28-Feb-17 \$
Proceeds from Operating Activities				
Operating Revenue				
<i>Nature of Income</i>				
Parking Fees	76,973,664	50,565,111	48,397,245	(2,167,865)
Fines and Costs	10,610,604	6,820,992	5,855,583	(965,409)
Investment Income and Interest	4,672,819	3,446,511	3,894,029	447,518
Community Service Fees	1,577,941	1,011,204	906,587	(104,617)
Rubbish Collection	8,581,163	8,561,036	8,245,675	(315,361)
Rentals and Hire Charges	5,251,214	3,552,384	3,448,381	(104,002)
Recurrent Grants	1,514,031	868,587	1,477,785	609,198
Contributions, Donations and Reimbursements	585,576	398,717	326,063	(72,654)
Other Income	4,681,208	3,471,823	3,524,398	52,575
Distribution from TPRC	1,000,000	0	0	0
	115,448,219	78,696,364	76,075,747	(2,620,618)
Less: Operating Expenditure				
<i>Nature of Expenditure</i>				
Employee Costs	77,744,705	51,837,593	50,148,307	1,689,287
Materials and Contracts	53,157,971	36,275,830	27,802,135	8,473,695
Utilities	3,596,588	2,367,133	1,992,820	374,312
Insurance Expenditure	1,197,885	797,956	724,728	73,228
Depreciation and Amortisation	33,144,020	22,096,013	22,036,686	59,328
Interest Expenses	1,562,208	1,064,670	1,220,493	(155,823)
Expense Provisions	998,010	652,005	618,661	33,344
Loss on Disposal of Assets	1,437,448	958,299	2,268,390	(1,310,091)
Other Expenditure	25,107,422	16,551,532	17,050,310	(498,779)
	197,946,258	132,601,030	123,862,529	8,738,500
Add back Depreciation	(33,144,020)	(22,096,013)	(22,036,686)	(59,328)
(Loss) / Profit on Disposals	(1,437,448)	(958,299)	(2,268,390)	1,310,091
	163,364,790	109,546,718	99,557,454	9,989,264
Net Surplus/(Deficit) from Operations	(47,916,571)	(30,850,353)	(23,481,707)	7,368,646
Investing Activities				
Capital Grants	5,768,315	3,845,543	1,522,729	(2,322,814)
Capital Expenditure	(66,963,105)	(37,883,368)	(15,132,221)	22,751,147
Proceeds from Disposal of Assets/Investments	1,280,000	746,959	746,271	(688)
	(59,914,790)	(33,290,866)	(12,863,221)	20,427,645
Financing Activities				
Repayment of Borrowings	(6,111,896)	(4,395,882)	(4,395,882)	0
Transfers to Reserves	(27,749,200)	(9,912,613)	(2,366,688)	7,545,925
Transfer from Reserves	34,665,203	25,956,526	19,513,640	(6,442,886)
	804,106	11,648,032	12,751,070	1,103,038
Add: Opening Funds	27,795,809	27,795,809	21,028,299	(6,767,510)
Net Surplus/(Deficit) before Rates	(79,231,446)	(24,697,379)	(2,565,559)	22,131,820
Amount Sourced from Rates	86,914,114	86,602,027	87,999,338	1,397,311
Closing Funds	7,682,669	61,904,648	85,433,779	23,529,130

Net Cash on Hand				
Cash On Hand	5,928,176	3,668,000	5,919,977	2,251,977
Money Market Investments	102,924,170	146,165,278	150,334,862	4,169,584
Funds on Hand	108,852,346	149,833,277	156,254,839	6,421,562
Analysis of Funds on Hand				
Reserves	79,211,467	69,434,058	68,384,819	(1,049,239)
Provisions	12,379,102	12,208,485	10,426,284	(1,782,201)
General Funds	17,261,777	68,461,246	77,714,248	9,253,001
Funds on Hand	108,852,346	149,833,277	156,254,839	6,421,562

CITY OF PERTH

CURRENT POSITION AS AT THE END OF THE PERIOD 28 FEBRUARY 2017

	2016/17 Budget \$	2016/17 Budget YTD \$	2016/17 Actual YTD \$	2016/17 Variance \$
Current Assets				
Cash and Cash Equivalents	5,928,176	3,668,000	5,919,977	2,251,977
Deposits and Prepayments	446,730	3,123,056	7,789,967	4,666,911
Money Market Investments - Municipal Funds	23,712,703	76,731,220	81,950,043	5,218,823
Money Market Investments - Restricted Funds	79,211,467	69,434,058	68,384,819	(1,049,239)
Trade and Other Receivables	4,020,574	8,240,926	10,581,531	2,340,605
Inventories	972,964	1,222,647	871,444	(351,203)
Total Current Assets	114,292,614	162,419,907	175,497,781	13,077,874
Current Liabilities				
Trade and Other Payables	26,646,668	31,112,195	21,440,075	(9,672,120)
Employee Entitlements	12,379,102	11,968,967	10,426,284	(1,542,683)
Provisions	400,750	239,518	509,620	270,102
Borrowings	7,083,366	6,995,052	6,995,052	0
Total Current Liabilities	46,509,886	50,315,732	39,371,031	(10,944,701)
Working Capital Position Brought Forward	67,782,728	112,104,175	136,126,750	24,022,575
Deduct Restricted Cash Holdings	(79,211,467)	(69,434,058)	(68,384,819)	1,049,239
Deduct Restricted Cash - Non-current leave	11,376,413	11,968,967	10,426,284	(1,542,683)
Deduct Restricted Capital Grants	0	270,512	270,512	0
Add Current Borrowings	7,083,366	6,995,052	6,995,052	0
Current Funds Position Brought Forward	7,031,041	61,904,648	85,433,779	23,529,130

EXPLANATORY NOTES – FINANCIAL ACTIVITY STATEMENT

BACKGROUND

- Regulation 34 of the Local Government (Financial Management) Regulations 1996 was amended effective from 1 July 2005.
- The amendment prescribes a monthly Financial Activity Statement (FAS) reporting the sources and application of funds, as set out in the Rate Setting Statement which is included in the Annual Budget.

PURPOSE

- The FAS reports the actual financial performance of the City in relation to its adopted budget, which has been structured on financial viability and sustainability principles.
- The FAS is intended to act as a guide to Council of the impact of financial activities and the reasons for major variances to the annual budget estimates.

PRESENTATION

- Regulation 34 prescribes the minimum detail to be included in the FAS. These are listed below.
 - Annual Budget estimates, and approved revisions to these, are to be included for comparison purposes.
 - Actual amounts of income and expenditure to the end of the month of the FAS.
 - Material variances between the comparable amounts and commentary on reasons for these.
 - The net current assets at the end of the month to which the FAS relates.
- An explanation of the composition of the net current assets at the end of the month to which the FAS relates; less committed and restricted assets.
- Councils are given the option of adopting a format which is considered most appropriate to their needs. These options are listed below.
 - According to nature and type classification,
 - by program, or
 - by business unit.
- It is recommended that while the information presented by cost objects (programs and activities) or by cost centres (business units) are useful for expense allocation and cost centre accountability purposes, they are less informative and difficult to comprehend in matters of disclosure and less effective in cost management and control.
- The FAS has therefore been presented in the format using nature and type classification as the most meaningful disclosure to the Council and public.

FORMAT

- The FAS is formatted to align with the Rate Setting Statement.
- The first part deals with operating income and expenditure, excluding rate revenue.
- The next classification is the amount spent on capital expenditure and debt repayments.
- The classification 'Financing Activities' provides a statement of sources of funds other than from operating or rates revenue, which are usually associated with capital expenditure.
- Attached to the FAS is a statement of 'Net Current Assets' for the budget and actual expenditure to the end of the month to which the FAS relates.
- Opening and closing funds represent the balance of 'Net Current Assets', not including any funds which are committed or restricted.
- "Committed assets" means revenue unspent but set aside under the annual budget for a specific purpose.
- "Restricted assets" means those assets the uses of which are restricted, wholly or partially, by regulations or other externally imposed requirements", e.g. reserves set aside for specific purposes.
- To avoid duplication in calculating 'Closing Funds on hand', certain balances, such as provisions and borrowings, are also deducted.
- The total Closing Funds on hand are to be taken into account when calculating the amount to be raised by rates each year.
- The classification "Net Cash on Hand" represents the balances of funds held in cash or invested and the analysis into those funds reserved, carried forward or remaining unspent at the end of the month to which the FAS relates.



CITY of PERTH

CITY of PERTH

Financial Statements

For the 8 months ended 28 February 2017

**CITY OF PERTH
MUNICIPAL**

Statement of Comprehensive Income for the 8 months ended 28 February 2017

(By Program)

	<i>Note</i>	Budget 2016/2017	Revised Budget YTD	Actual YTD 28/02/2017	YTD Variance	
		\$	\$	\$	\$	%
OPERATING REVENUE						
General Purpose Funding Rates		86,075,041	87,521,636	89,007,822	1,486,186	1.7%
General Purpose Funding Other		5,038,022	3,694,027	4,087,338	393,311	10.6%
Law, Order, Public Safety		23,178	15,595	33,750	18,155	116.4%
Health		780,345	734,538	881,887	147,349	20.1%
Education and Welfare		2,105,728	1,416,159	1,290,607	(125,552)	-8.9%
Housing		781,872	521,248	565,393	44,145	8.5%
Community Amenities		10,789,799	10,375,194	9,940,109	(435,085)	-4.2%
Recreation and Culture		1,732,910	816,254	1,312,102	495,848	60.7%
Transport		90,120,021	59,073,008	55,897,485	(3,175,523)	-5.4%
Economic Services		831,710	594,775	623,474	28,699	4.8%
Other Property and Services		803,852	535,961	435,119	(100,842)	-18.8%
Total Operating Income		199,082,478	165,298,395	164,075,086	(1,223,309)	-0.7%
OPERATING EXPENDITURE						
Governance		10,394,320	7,746,174	7,221,394	524,780	6.8%
General Purpose Funding		6,128,645	4,144,248	2,228,062	1,916,186	46.2%
Law, Order, Public Safety		3,758,622	2,543,831	2,811,632	(267,801)	-10.5%
Health		4,603,806	3,082,561	2,068,078	1,014,483	32.9%
Education and Welfare		3,688,491	2,442,114	2,408,583	33,531	1.4%
Housing		554,156	369,417	375,131	(5,714)	-1.5%
Community Amenities		30,384,835	20,439,940	18,450,049	1,989,891	9.7%
Recreation and Culture		35,350,738	23,967,973	22,736,142	1,231,831	5.1%
Transport		85,682,324	57,256,784	50,814,876	6,441,908	11.3%
Economic Services		10,316,035	6,367,834	7,413,001	(1,045,167)	-16.4%
Other Property and Services		5,020,459	3,365,188	4,929,670	(1,564,482)	-46.5%
Total Operating Expenditure		195,882,431	131,726,063	121,456,618	10,269,445	7.8%
NET FROM OPERATIONS		3,200,047	33,572,332	42,618,468	9,046,136	26.9%
GRANTS/CONTRIBUTIONS						
For the Development of Assets						
- General Purpose Funding		-	-	96,780	96,780	0.0%
- Law, Order, Public Safety		240,150	160,100	40,000	(120,100)	-75.0%
- Recreation and Culture		2,693,400	1,795,600	510,581	(1,285,019)	-71.6%
- Transport		2,834,765	1,889,843	875,368	(1,014,475)	-53.7%
Total Grants/Contributions		5,768,315	3,845,543	1,522,729	(2,322,814)	-60.4%
DISPOSAL/WRITE OFF OF ASSETS						
Gain/(Loss) on Disposal of Assets	2	(1,437,448)	(959,298)	(2,268,391)	(1,309,093)	136.5%
<i>Change in net assets resulting from operations before significant items</i>		7,530,914	36,458,577	41,872,806	5,414,229	14.9%
SIGNIFICANT ITEMS						
Distribution from TPRC		1,000,000	-	-	-	0.0%
<i>Change in net assets resulting from operations after significant items</i>		8,530,914	36,458,577	41,872,806	5,414,229	14.9%

**CITY OF PERTH
MUNICIPAL**

Statement of Comprehensive Income for the 8 months ended 28 February 2017

(By Nature)

	<i>Note</i>	Budget 2016/2017	Revised Budget YTD	Actual YTD 28/02/2017	YTD Variance	
		\$	\$	\$	\$	%
OPERATING REVENUE						
Rates		85,143,608	86,602,027	87,999,338	1,397,311	1.6%
Grants and Contributions for Non Capital Purposes		1,514,031	868,587	1,477,785	609,198	70.1%
Donations and Reimbursements		585,576	398,717	326,063	(72,654)	-18.2%
Fees and Charges		105,213,130	72,933,523	69,351,451	(3,582,072)	-4.9%
Interest and Investment Income		4,672,819	3,446,511	3,894,029	447,518	13.0%
Other Revenue		1,953,314	1,049,029	1,026,420	(22,609)	-2.2%
Total Revenue from Operating Activities		199,082,478	165,298,395	164,075,086	(1,223,309)	-0.7%
OPERATING EXPENDITURE						
Employee Costs		77,205,335	51,837,593	50,148,307	1,689,286	3.3%
Materials and Contracts		53,092,963	36,275,830	27,802,135	8,473,695	23.4%
Utilities		3,596,588	2,367,133	1,992,820	374,313	15.8%
Depreciation and Amortisation		33,144,020	22,096,013	22,036,686	59,327	0.3%
Interest		1,562,208	1,064,670	1,220,493	(155,823)	-14.6%
Insurance		1,197,885	797,956	724,728	73,228	9.2%
Expenses Provision		998,010	652,005	618,657	33,348	5.1%
Other Expenses from Ordinary Activities		25,085,422	16,634,864	16,912,792	(277,928)	-1.7%
Total Expenses from Ordinary Activities		195,882,431	131,726,063	121,456,618	10,269,445	7.8%
Change in Net Assets from Ordinary Activities before Capital Amounts		3,200,047	33,572,332	42,618,468	9,046,136	26.9%
GRANTS/CONTRIBUTIONS						
Grants and Contributions- Capital		5,768,315	3,845,543	1,522,729	(2,322,814)	-60.4%
NET OPERATING SURPLUS						
		8,968,362	37,417,875	44,141,197	6,723,322	18.0%
DISPOSAL/WRITE OFF OF ASSETS	2	(1,437,448)	(959,298)	(2,268,391)	(1,309,093)	136.5%
SIGNIFICANT ITEMS						
Distribution from TPRC		1,000,000	-	-	-	0.0%
<i>Change in net assets resulting from operations after capital amounts and significant items</i>		8,530,914	36,458,577	41,872,806	5,414,228	14.9%

**CITY OF PERTH
MUNICIPAL**

Statement of Financial Position as at 28 February 2017

	Note	28/02/2017	30/06/2016
CURRENT ASSETS		\$	\$
Cash and Cash Equivalents	11	5,919,977	10,063,697
Deposits/Prepayments	4	7,789,967	1,246,983
Investments	3, 11	150,334,862	100,249,402
Trade and Other Receivables	5	9,307,427	10,022,460
Rates Receivable	1	1,274,104	190,815
Inventories		871,444	1,016,223
TOTAL CURRENT ASSETS		175,497,781	122,789,580
NON CURRENT ASSETS			
Investments	3	7,094,420	7,162,072
Trade and Other Receivables	5	50,690	32,434
Property, Plant and Equipment	8	686,037,676	694,573,987
Infrastructure	8	479,271,819	485,179,495
Capital Work in Progress	8	36,633,766	32,151,366
TOTAL NON CURRENT ASSETS		1,209,088,371	1,219,099,354
TOTAL ASSETS		1,384,586,152	1,341,888,934
CURRENT LIABILITIES			
Trade and Other Payables	6	21,440,075	15,973,970
Employee Benefits	7	10,426,284	11,051,588
Provisions	7	509,620	390,015
Loan Liability	9	6,995,052	6,772,073
TOTAL CURRENT LIABILITIES		39,371,031	34,187,646
NON CURRENT LIABILITIES			
Employee Benefits	7	1,762,097	1,762,097
Provisions	7	4,519,367	4,259,487
Loan Liability	9	24,936,068	29,554,929
TOTAL NON CURRENT LIABILITIES		31,217,532	35,576,513
TOTAL LIABILITIES		70,588,563	69,764,159
NET ASSETS		<u>\$1,313,997,589</u>	<u>\$1,272,124,775</u>
EQUITY			
Accumulated Surplus		682,859,386	623,860,830
Asset Revaluation Reserve	10	560,056,898	560,035,698
Reserves	10	71,081,305	88,228,247
TOTAL EQUITY		<u>\$1,313,997,589</u>	<u>\$1,272,124,775</u>

**CITY OF PERTH
MUNICIPAL**

Statement of Changes in Equity for the 8 months ended 28 February 2017

	Accumulated Surplus	Asset Revaluation Reserve	Cash Backed Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2015	612,108,629	560,795,095	87,574,492	1,260,478,216
Change in net assets resulting from operations	11,646,560	-	-	11,646,560
Transfer to Cash Backed Reserves	(24,631,265)	-	24,631,265	-
Transfers to Asset Revaluation Reserve	(3,047,888)	3,047,888	-	-
Transfers from Asset Revaluation Reserve	3,807,285	(3,807,285)	-	-
Transfer from Cash Backed Reserves	23,977,510	-	(23,977,510)	-
Balance at 30 June 2016	\$623,860,830	\$560,035,698	\$88,228,247	\$1,272,124,775
Balance at 1 July 2016	\$	\$	\$	\$
Change in net assets resulting from operations	623,860,830	560,035,698	88,228,247	1,272,124,775
Transfer to Cash Backed Reserves	41,872,806	-	-	41,872,806
Transfers to Asset Revaluation Reserve	(2,366,689)	-	2,366,689	-
Transfers from Asset Revaluation Reserve	(76,383)	76,383	-	-
Transfers from Asset Revaluation Reserve	55,183	(55,183)	-	-
Transfer from Cash Backed Reserves	19,513,640	-	(19,513,640)	-
Balance at the end of the reporting period	\$682,859,386	\$560,056,898	\$71,081,296	\$1,313,997,580

**CITY OF PERTH
MUNICIPAL**

Statement of Cash Flows for the 8 months ended 28 February 2017

	Note	Budget 2016/2017	YTD Actual 28/02/2017	YTD Variation	
		\$	\$	\$	%
Cash Flows from Operating Activities					
Receipts					
Rates		85,150,558	86,674,760	1,524,202	1.8%
Fees and Charges		110,473,787	70,516,683	(39,957,104)	-36.2%
Interest		4,672,819	3,510,596	(1,162,223)	-24.9%
Other		2,000,854	1,257,616	(743,238)	-37.1%
		<u>202,298,018</u>	<u>161,959,655</u>	<u>(40,338,363)</u>	<u>-19.9%</u>
Payments					
Employee Costs		(76,246,522)	(50,258,765)	25,987,757	34.1%
Materials and Contracts		(45,634,268)	(29,401,135)	16,233,133	35.6%
Interest		(1,546,536)	(1,182,295)	364,241	23.6%
Other		(31,117,629)	(19,494,066)	11,623,563	37.4%
		<u>(154,544,955)</u>	<u>(100,336,261)</u>	<u>54,208,694</u>	<u>35.1%</u>
Net Cash Flows from Operating Activities	12	47,753,063	61,623,394	13,870,331	-29.0%
Cash Flows from Investing Activities					
Receipts					
Distribution from TPRC		1,000,000	-	(1,000,000)	-100.0%
Proceeds from Disposal of Assets		1,280,000	678,619	(601,381)	-47.0%
Proceeds from Disposal of Investments(Non Current)		-	67,652	67,652	0.0%
Payments					
Purchase Land and Buildings		(14,005,532)	-	14,005,532	-100.0%
Purchase Infrastructure Assets		(29,412,097)	(352,916)	29,059,181	-98.8%
Purchase Plant and Mobile Equipment		(17,160,028)	(1,851,305)	15,308,723	89.2%
Purchase Office Furniture and Equipment		(2,153,478)	(60,894)	2,092,584	-97.2%
Work in Progress		-	(12,862,313)	(12,862,313)	0.0%
		<u>(62,731,135)</u>	<u>(15,127,428)</u>	<u>47,603,707</u>	<u>75.9%</u>
Net Cash Flows from Investing Activities		(60,451,135)	(14,381,157)	46,069,978	76.2%
Cash Flows from Financing Activities					
Repayment of Borrowings		(6,111,896)	(4,395,882)	1,716,014	28.1%
		<u>(6,111,896)</u>	<u>(4,395,882)</u>	<u>1,716,014</u>	<u>28.1%</u>
Cash Flows from Government and Other Parties					
Receipts from Appropriations/Grants					
Recurrent		4,414,618	1,572,652	(2,841,966)	-64.4%
Capital		5,768,315	1,522,729	(4,245,586)	-73.6%
		<u>10,182,933</u>	<u>3,095,381</u>	<u>(7,087,552)</u>	<u>-69.6%</u>
Net Increase (Decrease) in Cash Held		(8,627,035)	45,941,736	54,568,771	-632.5%
Cash at 1 July 2016		117,479,382	110,313,099	(7,166,283)	-6.1%
Cash at 28 February 2017	11	<u>108,852,347</u>	<u>156,254,839</u>	<u>47,402,492</u>	<u>43.5%</u>

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Notes to the Balance Sheet for the 8 months ended 28 February 2017

1 Rates Receivable

	Actual YTD 28/02/2017	2015/16 YTD 29/02/2016
	\$	\$
Outstanding Amount at 30 June 2016	190,816	64,096
Rates Levied for the Year	87,920,378	82,433,900
Late Payment Penalties	143,795	102,898
Ex Gratia Rates	17,741	17,464
Rates Administration Fee	327,720	285,746
Rates Instalment Interest	367,778	341,842
Back Rates	61,219	(63,863)
Bins Levy	103,961	76,591
	89,133,408	83,258,674
Amount Received during the Period	87,859,304	81,950,895
Outstanding Amount at 28 February 2017	\$1,274,104	\$1,307,779

2 Gain/(Loss) on Disposal/Write off of Assets

	Annual Budget	Actual YTD 28/02/2017
	\$	\$
Land and Buildings		
Proceeds on Disposal	-	-
Less: Carrying amount of assets sold/written off	-	76,288
(Loss) on Disposal/Write Off	-	(76,288)
Infrastructure		
Proceeds on Disposal	-	-
Less: Carrying amount of assets written off	1,640,250	2,233,256
(Loss) on Write Off	(1,640,250)	(2,233,256)
Plant and Mobile Equipment		
Proceeds on Disposal	1,280,000	678,619
Less: Carrying amount of assets sold/written off	1,077,198	634,850
Profit on Disposal/Write Off	202,802	43,769
Gain/(Loss) on Disposal/Write off of Assets	(\$1,437,448)	(\$2,268,391)

3 Investments

Current	28/02/2017	30/06/2016
Short Term Cash Investments *	\$	\$
Call Funds	6,194,156	12,111,382
Bank/Term Deposits	139,500,000	84,000,000
Managed Funds	4,640,706	4,138,020
Total Current Investments	\$150,334,862	\$100,249,402

* Short Term Cash Investments as stated in Note 11.

Non Current Investments	28/02/2017	30/06/2016
	\$	\$
Mortgage Backed Securities (MBS)	2,696,477	2,743,759
	2,696,477	2,743,759
Equity in Local Government House	10,000	10,000
Equity in Mindarie Regional Council	420,412	420,412
Equity in Tamala Park Regional Council	3,967,531	3,987,901
	\$7,094,420	\$7,162,072

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Notes to the Balance Sheet for the 8 months ended 28 February 2017

4 Deposits/Prepayments

	28/02/2017	30/06/2016
	\$	\$
Prepaid Insurance	821,879	-
Prepaid Parking Bay Licence Fees	5,680,121	-
Other	1,287,967	1,246,983
	\$7,789,967	\$1,246,983

5 Trade And Other Receivables

	28/02/2017	30/06/2016
Current	\$	\$
Emergency Services Levy (ESL)	347,220	36,912
Accrued Interest and Investment Income	920,102	536,669
Accrued Income	1,669,847	1,445,677
Modified Penalties/Fines and Costs	8,055,131	7,468,902
Debtors - General		
Australian Taxation Office - GST Refundable	-	177,492
Works and Services	57,418	35,731
Other Debtors	1,837,756	3,744,857
	12,887,474	13,446,240
Less: Provision for Doubtful Debts	(3,580,047)	(3,423,780)
	\$9,307,427	\$10,022,460
Non Current		
Pensioners' Rates Deferred	50,690	32,434
	\$50,690	\$32,434

6 Trade And Other Payables

	28/02/2017	30/06/2016
Current	\$	\$
Trade Creditors	2,072,590	10,591,073
Emergency Services Levy	10,653,241	-
Interest Payable on Loans	238,046	199,848
Accrued Expenses - Operating	4,033,862	2,293,106
Accrued Expenses - Capital	400,565	10,837
Advances Received for Recoverable Works	75,291	40,635
Income Received / Raised in Advance	832,927	1,008,030
Australian Taxation Office - GST Payable	102,320	-
Other Creditors	3,031,233	1,830,441
	\$21,440,075	\$15,973,970

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Notes to the Balance Sheet for the 8 months ended 28 February 2017

7 Employee Benefits

	28/02/2017	30/06/2016
Current	\$	\$
Leave Entitlements		
Annual Leave	4,088,437	4,454,492
Self Funded Leave	178,433	238,785
Long Service Leave	6,033,762	6,222,059
Recognition of Employees- Presentations	125,652	136,252
	\$10,426,284	\$11,051,588
Non Current		
Annual Leave	629,989	629,989
Long Service Leave	1,132,108	1,132,108
	\$1,762,097	\$1,762,097

Provisions

	28/02/2017	30/06/2016
Current	\$	\$
Workers Compensation	509,620	390,015
	\$509,620	\$390,015
Non Current		
Provision for Equipment Replacement PCEC	4,519,367	4,259,487
	\$4,519,367	\$4,259,487

8 Property, Plant and Equipment and Work in Progress

	28/02/2017	30/06/2016
	\$	\$
Land and Air Rights - at cost/fair value	380,133,677	380,133,678
Less: Accumulated Depreciation	(3,511,178)	(3,135,072)
	376,622,499	376,998,606
Buildings - at fair value	379,921,885	378,864,743
Less: Accumulated Depreciation	(159,289,842)	(154,004,183)
	220,632,043	224,860,560
Improvements - at fair value	52,659,660	52,659,661
Less: Accumulated Depreciation	(7,012,003)	(5,565,355)
	45,647,657	47,094,306
Infrastructure Assets - at cost/fair value	756,244,039	755,794,940
Less: Accumulated Depreciation	(276,972,220)	(270,615,444)
	479,271,819	485,179,496
Plant and Mobile Equipment - at cost/fair value	47,747,453	47,541,666
Less: Accumulated Depreciation	(31,126,626)	(29,432,643)
	16,620,827	18,109,023
Office Furniture and Equipment - at cost/fair value	42,732,760	41,871,404
Less: Accumulated Depreciation	(17,013,381)	(15,155,180)
	25,719,379	26,716,224
Agricultural - at cost	795,271	795,271
Less: Accumulated Depreciation	-	-
	795,271	795,271
Property, Plant and Equipment	1,165,309,495	1,179,753,486
Work in Progress - at cost	36,633,766	32,151,366
	36,633,766	32,151,366
Total Property, Plant and Equipment and Work in Progress	\$1,201,943,261	\$1,211,904,848

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Notes to the Balance Sheet for the 8 months ended 28 February 2017

8 Property, Plant and Equipment and Work in Progress - Movement at Cost

	Balance 30/06/2016	Acquisitions Actual YTD 28/02/2017	Transfers Actual YTD 28/02/2017	Disposals/ Write off/ Actual YTD 28/02/2017	Revaluation Actual YTD 28/02/2017	Balance 28/02/2017
	\$	\$	\$	\$		\$
Land and Air Rights	380,133,678	-	-	-	-	380,133,678
Buildings	378,864,743	-	1,248,143	(191,000)	-	379,921,886
Improvements	52,659,661	-	-	-	-	52,659,661
Infrastructure Assets	755,794,940	352,916	5,897,441	(5,801,257)	-	756,244,040
Plant and Mobile Equipment	47,541,666	1,851,305	275,293	(1,920,811)	-	47,747,453
Office Furniture and Equipment	41,871,404	60,894	853,717	(53,255)	-	42,732,760
Agricultural	795,271	-	-	-	-	795,271
Work in Progress	32,151,366	13,252,041	(8,769,641)	-	-	36,633,766
	\$1,689,812,729	\$15,517,156	(495,047)	(7,966,323)		\$1,696,868,515

9 Loan Liability

	28/02/2017	30/06/2016
	\$	\$
Current		
Loans - Western Australian Treasury Corporation	6,995,052	6,772,073
Non Current		
Loans - Western Australian Treasury Corporation	24,936,068	29,554,929

10 Reserve Funds

Purpose of Reserve Fund	Balance 30/06/2016	Transfer from Accumulated Surplus	Transfer to Accumulated Surplus	Balance 28/02/2017
	\$	\$	\$	\$
Refuse Disposal and Treatment	2,935,851	76,131	-	3,011,982
Concert Hall - Refurbishment and Maint.	4,835,978	120,556	(336,106)	4,620,428
Asset Enhancement	26,232,133	660,519	(927,681)	25,964,971
Street Furniture Replacement	371,375	11,878	(9,534)	373,719
Parking Levy	18,160,738	22,672	(17,278,906)	904,504
Art Acquisition	374,845	9,520	-	384,365
Heritage Incentive	618,109	15,749	-	633,858
Parking Facilities Development	23,671,273	595,408	(961,413)	23,305,268
Employee Entitlements	1,762,097	46,114	-	1,808,211
David Jones Bridge	292,381	7,440	-	299,821
Bonus Plot Ratio	613,783	15,708	-	629,491
PCEC Fixed Plant Replacement	4,244,225	258,031	-	4,502,256
Enterprise and Initiative	3,915,439	521,843	-	4,437,282
Public Art	200,017	5,119	-	205,136
	88,228,244	2,366,688	(19,513,640)	71,081,292
* Asset Revaluation	560,035,698	76,383	(55,183)	560,056,898
	\$648,263,942	\$2,443,071	(\$19,568,823)	\$631,138,190

* The Asset Revaluation Reserve is a non cash backed reserve and cannot be used ,except for adjustments to fixed assets on their revaluation, disposal or write off

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Notes to the Balance Sheet for the 8 months ended 28 February 2017

11 Cash Reconciliation

	28/02/2017	30/06/2016
	\$	\$
Cash and Cash Equivalents	5,919,977	10,063,697
Short Term Cash Investments	150,334,862	100,249,402
	\$156,254,839	\$110,313,099

12 Reconciliation of Net Cash Provided By Operating Activities to Operating Surplus

	28/02/2017	30/06/2016
	\$	\$
Change in Net Assets Resulting from Operations	41,872,806	13,793,738
Adjustment for items not involving the movement of Funds:		
Depreciation	22,036,686	31,545,687
Doubtful Debts	156,267	369,586
Non Capitalised Work in Progress	495,047	(4,620,525)
(Gain)/Loss on Disposal/Write off/Contribution of Assets	2,268,391	1,569,290
	66,829,197	42,657,776
Revenues Provided By :		
Government Grants	(3,095,381)	(6,812,016)
Contribution from Other Parties	-	(49,890)
	(3,095,381)	(6,861,906)
Change in Operating Assets and Liabilities		
Add Back		
Decrease in Inventories	144,779	377,978
Decrease in Deposits and Prepayments	-	92,261
Decrease in Accrued Interest and Dividend Income	-	63,628
Decrease in Trade and Other Receivables	83,080	-
Decrease in Deferred Debtors	-	7,133
Increase in Income Received /Raised in Advance	-	99,641
Increase in Accrued Interest Payable	38,198	-
Increase in Accrued Expenses	1,740,756	-
Increase in Trade and Other Payables	3,437,870	-
Deduct		
Decrease in Trade and Other Payables	-	(2,565,858)
Decrease in Income Received /Raised in Advance	(140,447)	-
Decrease in Accrued Interest Payable	-	(41,167)
Increases in Deferred Debtors	(18,256)	-
Decrease in Provisions	(245,819)	(407,068)
Decrease in Accrued Expenses	-	(324,459)
Increase in Inventories	-	-
Increase in Trade and Other Receivables	-	(2,033,367)
Increase in Prepayments	(6,542,984)	-
Increase in Accrued Income	(224,170)	(193,777)
Increase in Accrued Interest and Investment Income	(383,433)	-
	(2,110,426)	(4,925,055)
Net Cash Provided by Operating Activities	\$61,623,393	\$30,870,815

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Notes to the Balance Sheet for the 8 months ended 28 February 2017

13 Ratios

	28/02/2017	30/06/2016
1 Current Ratio		
<u>Current Assets minus Restricted Assets</u>		
Current Liabilities minus Liabilities associated with Restricted Assets	2.72	1.09
2 Debt Ratio		
<u>Total Liabilities</u>		
Total Assets	5.10%	5.20%
3 Debt Service Ratio		
<u>Debt Service Cost</u>		
Available Operating Revenue	3.42%	4.44%
4 Rate Coverage Ratio		
<u>Net Rate Revenue</u>		
Operating Revenue	54.25%	43.96%
5 Outstanding Rates Ratio		
<u>Rates Outstanding</u>		
Rates Collectable	1.43%	0.23%
6 Untied Cash to Unpaid Creditors Ratio		
<u>Untied Cash</u>		
Unpaid Trade Creditors	42.40	2.34
7 Gross Debt to Revenue Ratio		
<u>Gross Debt</u>		
Total Revenue	19.46%	18.99%
8 Gross Debt to Economically Realisable Assets Ratio		
<u>Gross Debt</u>		
Economically Realisable Assets	3.53%	4.24%

Restricted Assets includes reserve funds and tied contributions not utilised at 28.02.2017

Recommendation:

That the Finance and Administration Committee approves the purchase of the Makuru light work by Brendan Van Hek.

FILE REFERENCE: P1025306-2
 REPORTING UNIT: Arts, Culture and Heritage
 RESPONSIBLE DIRECTORATE: Economic Development and Activation
 DATE: 29 March 2017
 ATTACHMENT/S: Attachment 8.4A – Makuru light work by Brendan Van Hek
 Attachment 8.4B – Brendan Van Hek CV

Legislation / Strategic Plan / Policy:

Legislation N/A

Integrated Reporting Implications **Planning and Framework** **Corporate Business Plan**
 Council Four Year Priorities: Healthy and Active in Perth
 S15 Reflect and celebrate the diversity of Perth
 15.2 Develop Arts and Cultural Development Strategy

Policy

Policy No and Name: 18.1 – Arts and Culture
 18.2 – Cultural Collections

Purpose and Background:

An opportunity has arisen for the City of Perth to purchase an important and exciting artwork by artist Brendan Van Hek.

This recommendation is the culmination of targeted research over time in context across the industry. The suitability of this artwork has been considered particularly in relation to Council Policy 18.2 Cultural Collections, which states that *“Through the strategic management of its Cultural Collections the City will ensure that the Collection’s future value and ongoing significance for Perth, Western Australia and the wider community is maintained”*.

Details:

Information on the artist, the recommended artwork, its essential reporting considerations and acquisition criteria have been outlined in detail in Attachment 8.4A attached to this report. The recommended artwork is as follows:

Artist: Brendan Van Hek
 Title: Makuru light work (Attachment 8.4A)
 Medium: neon/mixed media

Dimensions: variable
Price: \$27,000

Financial Implications:

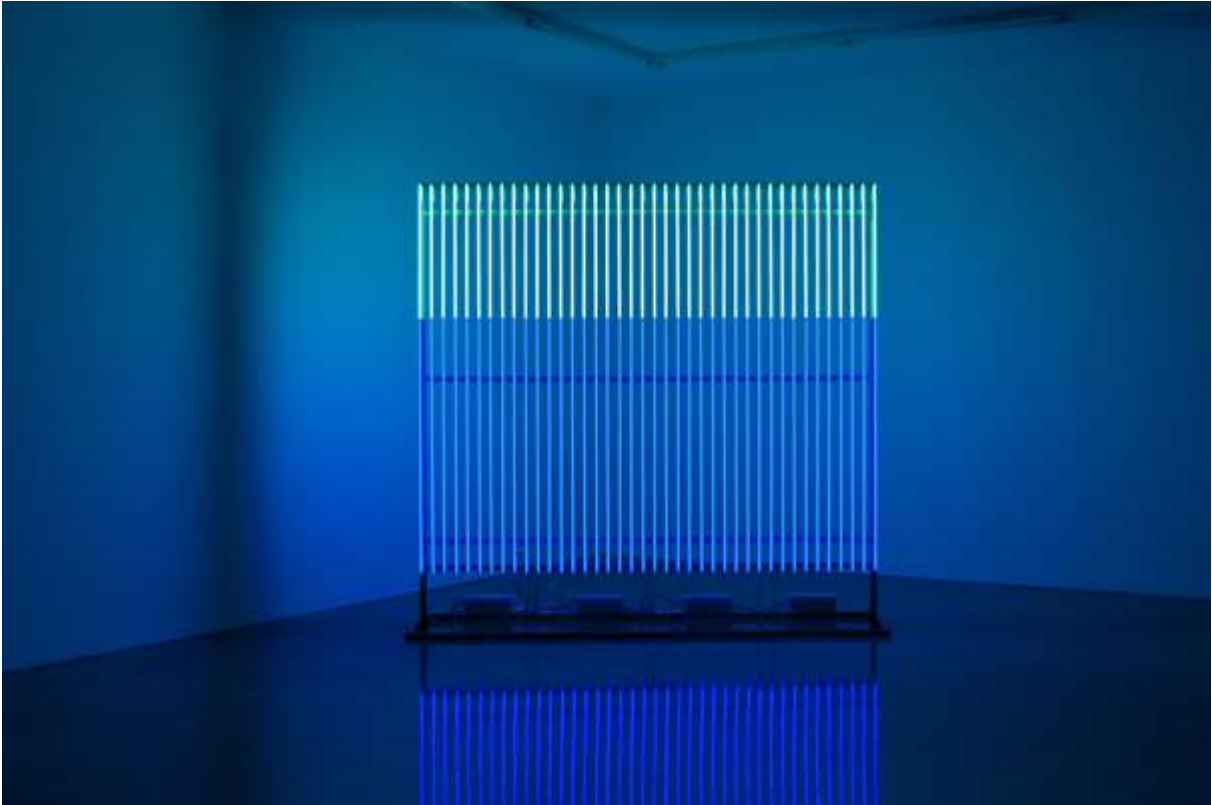
ACCOUNT NO:	CW0396
BUDGET ITEM:	
BUDGETED AMOUNT:	\$374,845
AMOUNT SPENT TO DATE:	\$29,120
PROPOSED COST:	\$27,000
BALANCE REMAINING:	\$318,725
ANNUAL MAINTENANCE:	N/A
ESTIMATED WHOLE OF LIFE COST:	N/A

All figures quoted in this report are exclusive of GST.

Comments:

This acquisition has been recommended in line with the objective of Council Policy – 18.1 Arts and Culture which states that *“For Perth, as the State’s capital city, to be recognised for its leadership in showcasing the City’s vitality, innovation and cultural diversity, through its distinctive Western Australian cultural expression”*.

This artwork represents a sound cultural and financial investment and will enable the City’s art collection to grow and develop in reputation and in its capabilities to engage the broader community in meaningful experiences.



Installation view of previous exhibition *Turn the night to day* (2015) by Brendan Van Hek;

NB. these images have been provided as indicative of the Makuru light work as, due to the nature of the opportunity to acquire the work, images of the final work are not yet available.

Artwork details

The Makuru light work takes the Nyoongar season of Makuru and its qualities as the coldest and wettest season of the year as its starting point. Makuru can be likened to winter and seen as a dormant time where shelter and refuge are valued. But below the surface things are stirring and winter weather is dynamic and constantly changing. Makuru is in fact also a time of fertility and pairing time for animals, and winter a time of high winds, energising coolness and dramatic storms.

The Makuru light work features light and colour and, placed ideally in a high traffic public area, will relate directly to viewers, activating its space in the day and becoming more vibrant as daylight dims into night on short winter days.

The work consists of a series of vertical neon lengths forming an energetic composition to fill its space, like a field. Painted on the face, the neon has a coating likened to the still surface of dormant winter. The blacked-out neon presents lines, as in a drawing, that however belie any stillness as coloured light sprays from the back of the neon. The lights will be animated and scintillate in flashing sequences.

In its colours the work takes its cue from Makuru when the blues and purples of the Blueberry Lilly and Purple flags are predominant, then giving way to the white and cream flowers of the weeping peppermint and the season Djilba. The neon creates a sweeping pattern of red, blue, yellow, warm white and white that will blend together in a blue - purple glow.

The Makuru light work has a distinctive and animated presence which invites viewers to stop and look closely while also visible from afar and colouring the surrounding spaces with its distinctive colours.

The Makuru light work will complement other contemporary artists represented in the collection that explore the activation of architectural space such as Brian McKay, Bevan Honey and Jacqui Ball. Artists exploring Aboriginal culture and heritage and native flora such as Kate McMillan, Eva Fernandez and Greg Pryor, also share a connection with the Makuru light work. The Makuru light work will also work well in conjunction with artworks dealing directly with the theme and material use of light such as Toogar Morrison's 'Friendship Flight', which explores the Aboriginal mythology relating to the Milky Way and the 1962 space mission where Perth became known worldwide as the 'City of Lights'. Recently commissioned public artworks *Edge* by Stuart Green (Elizabeth Quay) and *Connectus* by Warren Langley (Perth City Link) also feature integral lighting elements that reflect changing weather conditions and invoke the unique colours of the West Australian landscape.

The nature and size of the Makuru light work means that, installed in a prominent position, it would serve as an on-going activation and have a strong synergy with the modernist architectural style of Council House or the contemporary City of Perth Library.

Artist details

Brendan Van Hek works across media, incorporating materials such as neon, mirror, glass, metal and disco balls. Ranging from text-based work to large-scale abstract installations, his work deals with narratives located in personal history, fiction and cultural politics.

Brendan graduated with Honours from Curtin University Western Australia in 2001 and currently lives and works in Sydney. He has exhibited widely nationally, including: Colour Restraint (with Rebecca Baumann), Campbelltown Arts Centre, 2015; turn the night to day, Sarah Cottier Gallery 2015; LUMINOUSFLUX, Lawrence Wilson Art Gallery, Perth, 2013; NEW11, ACCA; Some Kind of Love Story, Anna Schwartz Gallery Sydney, 2011; TWMA Contemporary 2010, Tarrawarra Museum of Art; and A Certain Slant of Light, Perth Institute of Contemporary Arts, 2009.

Brendan has also exhibited internationally in Amour Fou, New Westminster New Media Gallery, New Westminster, Vancouver, Canada; Shifting Geometries, The Australian Embassy, Washington DC, USA and Becoming: Worlds In Flux, C24 Gallery, Chelsea, New York, USA.

In 2012 he undertook a residency at ISCP, New York, and was the recipient of a Mid-Career Fellowship from the Department of Culture and the Arts WA, and in 2013 a Mid-Career New Work Grant from the Australia Council.

Further information on the artist is available in the artist's CV (Appendix B).

Acquisition criteria

This recommendation complies with Policy 18.2 – Cultural Collections and meets both the Essential Reporting Considerations for Acquisition (section 3.1) and the Acquisition Criteria – Art Collection (section 3.2) as outlined below.

Essential Reporting Considerations for Acquisition (section 3.1)	
Consideration	Makuru light work by Brendan Van Hek
Physical integrity, durability, quality of fabrication and maintenance or conservation requirements	Physical integrity – the work is in good condition and has been created to a high standard. Conservation – It is a new work in a stable medium and will have no immediate conservation issues. Display – The work will be presented ready for installation. Storage – The City of Perth has a climate controlled storage facility for artworks that are not on display.
Authenticity and ethical provenance	The works would be acquired directly from the artist so authenticity and ethical provenance of the work are ensured.
Must be an outright purchase, commission or an unconditional	The artist understands the purchase is unconditional and the works will become the property of the City of

transfer of ownership	Perth.
Enhance at least one of the existing Collections as defined by Collection scope and/or priorities avoiding duplication	This work will enhance the City's holdings of contemporary works of art. There are no other works by Brendan Van Hek, or other artists working in a similar medium, held in the City's art collection so the recommended works will fill an existing gap.
Capacity to be placed on display without hindrance to public access or safety, and where relevant, without breaching the creator's moral rights	The work is three-dimensional but wall based so will not cause complications with display and a number of potential display locations have been identified to present the work to a high aesthetic standard, including on the ground floor of Council House (street facing) and collaborating with commercial building owners to install in vacant window frontages.
Immediate and future cost considerations	There is sufficient budget for the purchase of the work and any future operational expenses involved in caring for it will be planned and budgeted for in the Collection Management budget.

Acquisitions Criteria – Art Collection (section 3.2)	
Consideration The item must:	Makuru light work by Brendan Van Hek
Represent significant periods, occasions and urban initiatives in the evolution of the city, and city life	The themes of the Aboriginal seasons, native flora, and the use of light as an activation tool are highly relevant to the City of Perth and the work will stimulate dialogue and exchange across the whole of the City's cultural collections. The works also offer the opportunity to connect with other City programs and external organisations utilising light in innovative urban initiatives – such as the City of Perth's Lighting Strategy and Heritage Perth's Light up the City program. The Makuru light work will also have the opportunity to feature in the City's Winter Arts Festival as a temporary window activation in Piccadilly Arcade, prior to a semi-permanent installation in a City owned building.
Build upon the strengths of existing holdings in the Art Collection	The work will build upon existing holdings of contemporary artworks that deal with Aboriginal culture and heritage and the local landscape.
Represent and support the artistic practice of emerging and established artists residing in Western Australia who have received acclaim for their work locally, nationally or internationally	Brendan Van Hek is recognised as a significant artist and has been gaining increasing attention, with his work acquired by many national and state institutions and the corporate sector. Van Hek's Makuru light work will be a high quality demonstration of his work and is a significant example of his practice.

BRENDAN VAN HEK

POST SECONDARY EDUCATION:

2001 Bachelor of Arts (Art) Hons (First Class), Curtin University of Technology, WA

SOLO EXHIBITIONS:

- 2017 **The continual condition** (upcoming), Turner Galleries, WA
The scene was set (upcoming), Sarah Cottier Gallery, NSW
- 2015 **Turn the night to day**, Sarah Cottier Gallery, Paddington, NSW
Colour is the devil in collaboration with James Dodd, Firstdraft, Woollomooloo, NSW
Colour Restraint in collaboration with Rebecca Baumann, Campbelltown Arts Centre, NSW
Untitled in collaboration with Rebecca Baumann, Dunedin Public Art Gallery, Dunedin, New Zealand
- 2014 **LOST AT SEA**, Venn Gallery, WA
Shooting Stars, MOP Gallery, NSW
- 2011 **Some Kind Of Love Story**, Anna Schwartz Gallery Sydney, NSW
As if from a distance I could already see myself, Galerie Dusseldorf, WA
- 2010 **Can we be together**, Galerie Dusseldorf, WA
- 2009 **A Certain Slant of Light**, Perth Institute of Contemporary Arts, WA
- 2007 **Lead Heart**, Sherman Art box, Sherman Galleries, NSW

GROUP EXHIBITIONS:

- 2017 **Superposition of three types**, Artspace, NSW
Unlimited support (upcoming), Verge Gallery, NSW
- 2016 **Static + Silence**, The Lock Up Contemporary Art Space, NSW
Incandescence, Grace Cossington Smith Gallery, NSW
Another Green World, Sarah Cottier Gallery, NSW
Spring 1883, Windsor Hotel, VIC
- 2015 **Quintet**, Starkwhite Gallery, Auckland, New Zealand
Amour Fou, New Westminster New Media Gallery, New Westminster, Vancouver, CANADA
Spring 1883, Windsor Hotel, VIC
- 2014 **Blake Art Prize**, Galleries UNSW, College of Fine Arts, NSW
- 2013 **3**, Alaska Projects, NSW
Inaugural Guirguis New Art Prize, Art Gallery of Ballarat, VIC
Luminous Flux, Lawrence Wilson Art Gallery, University of Western Australia, WA
- 2012 **Becoming: Worlds In Flux**, C24 Gallery, Chelsea, New York, USA
Shifting Geometries, The Australian Embassy, Washington DC, USA
- 2011 **NEW11**, Australian Centre for Contemporary Art, VIC
REMIX, Art Gallery of Western Australia, WA
- 2010 **TarraWarra Contemporary 2010**, TarraWarra Museum of Art, VIC
PICA Salon, Perth Institute of Contemporary Arts, WA
- 2009 **Make A Scene**, Anna Schwartz Gallery Sydney, NSW
The Yellow Vest Syndrome: recent West Australian art, Fremantle Arts Centre, WA
- 2008 **Linden 1968**, Linden Centre for Contemporary Art, VIC
Neon, Anna Schwartz Gallery Sydney, NSW
- 2007 **Economy**, Perth Institute of Contemporary Arts, WA
Fremantle Print Award Supported by Little Creatures Brewing, Fremantle Arts Centre, WA
- 2006 **Paper Works**, Moores Building Contemporary Art Gallery, WA
- 2005 **Land of the Giants**, Moores Building Contemporary Art Gallery, WA
Flux2, Lawrence Wilson Art Gallery, University of Western Australia, WA
- 2003 **AustrALIENS**, Perth Institute of Contemporary Arts, WA
- 2002 **Hatched** – National Graduate Show, Perth Institute of Contemporary Art, WA

PUBLIC COMMISSIONS

- 2015 **Old Treasury Building**, St Georges Tce, Perth, WA
- 2013 **388 Barker Rd**, Subiaco, Perth, WA
- 2012 **The Builders Arms**, Fitzroy, Melbourne, VIC
you know the way, Perth Cultural Centre Ephemeral Public Art Project, Perth, WA
- 2011 **ARK Richmond**, Fender Katsalidis Melbourne, VIC
- 2011 **VENN**, Queen St, Perth, WA
- 2009-11 **Urbanest Student Accommodation**, Chinatown, Sydney, NSW
- 2010 **Elenberg Fraser Offices**, Queen St, Melbourne, VIC
- 2009 **401 St Kilda Rd**, Elenberg Fraser, Melbourne, VIC

AWARDS & RESIDENCIES:

- 2016 **Canberra Glassworks**, Canberra, ACT
Arts Projects for individuals and Groups, Australia Council for the Arts
- 2013 **New Work Grant Mid-Career**, Australia Council for the Arts
- 2012 **ISCP**, Williamsburg, Brooklyn, New York, USA
Mid Career Fellowship, Department for Culture and the Arts, WA
David and Margery Edwards Trust Charitable Giving Trust, New York, USA
- 2011 **John Stringer Award for Excellence**, Art Gallery of Western Australia, WA
Artflight Grant, Department for Culture and the Arts, WA
Arts Development Grant, Department for Culture and the Arts, WA
- 2010 **New Work Grant**, Australia Council for the Arts
- 2009 **City of Joondalup Art Prize** (Winner), Lakeside Joondalup, WA
- 2008 **Artflight Grant**, Department for Culture and the Arts, WA
- 2007 **The Gunnery Residency**, Artspace, Woollomooloo, NSW
- 2006 **City Building, PICA Residency**, Perth Institute of Contemporary Art, WA

BIBLIOGRAPHY:

- Glisic, Iva, 'Luminous Flux – Light is in the eye of the beholder', *Eyeline*, Number 78/79, 2013, p126-127
- Barrett-Lennard, John, 'Surface tension: Brendan Van Hek's light travels', *Art Monthly*, April, Vol 248, 2012, p46-47
- Duncan, Jenepher, *remix* catalogue, 2011
- Doropoulos, Tania, 'The person who cried a million tears', *NEW11* catalogue, 2011

Barrett-Lennard, Amy, 'Brendan Van Hek', *TarraWarra Contemporary 2010* catalogue, 2010
Stephens, Jasmin, *The Yellow Vest Syndrome: recent west Australian art*, catalogue, 2009
Marcon, Marco, *A Certain Slant of Light*, catalogue, 2009
Cavaniglia, Consuelo, *Economy*, catalogue, 2007
Marcon, Marco, 'hatched 02: healthway national graduate show', *Artlink*, Vol 22 No 3, 2002, p89

Agenda Tender No. 022-16/17 – Provision of Banking Services
Item 8.5

Recommendation:

That Council accepts the tender from the Commonwealth Bank Australia (CBA) for the Provision of Banking Services (Tender No. 022-16/17) for a period of five years with an option to extend for an additional five years.

FILE REFERENCE:	P1033046
REPORTING UNIT:	Finance
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	22 March 2017
ATTACHMENT/S:	Confidential Attachment 8.5A – Price Comparison (Confidential Attachments distributed under separate cover to Elected Members)

Legislation / Strategic Plan / Policy:

Legislation	<i>Local Government (Functions & General Regulations) 1996</i> Part 4 – Tenders for Providing Goods and Services
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Integrated Planning and Reporting Framework Implications	Strategic Community Plan Council Four Year Priorities: Community Outcome Capable and Responsive Organisation A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and deliver efficient and effective community centred services.
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Policy	
Policy No and Name:	9.7 – Purchasing

Purpose & Background:

The provision of banking services is a major expense which currently costs the City in excess of \$750,000 per annum. The City tenders for banking services every five years and at the last renewal date changed provider from the Commonwealth Bank to ANZ. The transition was problematic and feedback received from those involved in the transition noted the project lacked the appropriate level of management by the bank, was resource intensive for the City and a full seamless transition was not achieved inside 12 months.

Financial Implications:

Acceptance of the CBA tender for banking services will result in potential significant savings for the City.

Details:

Four banks responded to the City's tender for banking services. The Tender specified a five year term with an additional five year option.

Qualitative Criteria

The qualitative assessment criteria specified in the tender was as follows:

1. Data - Analytics of Transaction Data from the City's systems and also banking data collected throughout the City;
2. Innovation & Technology - Value-add solutions the respondent can provide to the City's operations;
3. Project Management – of the transition between banks on change of provider
4. Customer Service; and
5. Respondents Presentation to the evaluation panel.

Qualitative Assessment

ANZ

As the incumbent bank, the ANZ were not required to address the project management criteria. The bank did identify potential cost savings through technology, however these savings could be achieved by all respondents. The ANZ presentation was well received by the evaluation panel and they met the criteria for data and customer service.

CBA

The CBA provided the most comprehensive data analytics solution and were very strong on technology and innovation. Their presentation and tender document was impressive and they adequately addressed the project management and customer service criteria.

Westpac

Westpac bank met most of the qualitative criteria for the tender although data analytics capability was the least impressive of the respondents. The bank also failed to put forward a compelling case with their presentation.

NAB

NAB delivered an impressive tender document and were strong on innovation. The banks data analytics tool was inferior to some of the other banks and they also failed to put forward a compelling case with their presentation.

The CBA and ANZ were ranked the highest of the respondents in the qualitative assessment.

Recommendation

The CBA proposal ranked highly in the qualitative assessment and was the lowest cost proposal by some margin and is therefore the recommended tenderer. Due to the City's prior negative experience when changing banks it was decided to enter a period of systems testing prior to the award of the tender to minimise the risk of a problematic transition. A program of testing was developed to manage this risk.

Since last changing banking providers the City has replaced its payment gateways and the replacement gateways have been certified by CBA and therefore pose no major risk for transitioning. The key risks identified were the data outputs format from the banks i.e. the format of transaction information which the City uses to reconcile to its source systems. The files provided by the bank have been tested and are deemed to meet the City's needs.

CONFIDENTIAL ATTACHMENT 8.5A
ITEM 8.5 – TENDER NO. 022-16/17 – PROVISION OF BANKING
SERVICES

FOR THE FINANCE AND ADMINISTRATION COMMITTEE MEETING

4 APRIL 2017

DISTRIBUTED TO ELECTED MEMBERS UNDER SEPARATE COVER